



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

FOR SETTLEMENT PURPOSES ONLY

July 17, 2000

Russell V. Randle
Patton Boggs LLP
2550 M Street, NW
Washington, D.C. 20037

RE: Collierville Superfund Site; Tolling Agreement Extension

Dear Mr. Randle:

Enclosed please find your copy of the executed new Tolling Agreement extending our previous agreement until November 30, 2000.

I have discussed your settlement proposal dated May 17, 2000, with the Cost Recovery Program and with the Department of Justice ("DOJ"). DOJ concurrence would be necessary should we reach an agreement due to the amount of the outstanding past costs and future costs. Unfortunately, your settlement offer is not acceptable to either EPA or DOJ. EPA and DOJ are both of like minds that the outstanding past costs are a debt owed to the United States Government and that it is our obligation to make the Superfund whole. DOJ is of the opinion that we would prevail on this matter should it become necessary to litigate and as such has asked EPA to refer the matter unless we are able to reach an agreement.

My client has agreed with me that we should offer Carrier the best settlement opportunity that we possibly can due to the cooperative relationship that we have had throughout the years and that we anticipate continuing into the future. I have been authorized to offer Carrier a ten percent (10%) reduction off the demand that was made. EPA will also deduct the Weston charges, as we have previously stated. This 10% or roughly \$40,000 can be attributed to the ATSDR charges that you have questioned or to the pre-AOC costs you have questioned or simply called good faith.

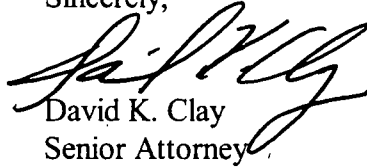
This is EPA's bottom line. We cannot make any further compromise. I would appreciate a response from Carrier within ten (10) days of receipt of this letter.



I continue to thank you, Russ, for your cooperative spirit. Please know that I must respect and present the position of my client and I understand that you must do the same.

With every best regard, I am

Sincerely,

A handwritten signature in black ink, appearing to read "David K. Clay". The signature is stylized with a large, sweeping "D" and "C".

David K. Clay
Senior Attorney

enclosure

TOLLING AGREEMENT FOR THE CARRIER AIR CONDITIONING
SUPERFUND SITE

This Tolling Agreement ("Agreement") is entered into between the Environmental Protection Agency ("EPA") on behalf of the United States of America ("United States"), and Carrier Corporation, a Delaware Corporation with an operation located at Collierville, Tennessee ("Carrier") and extends the previously entered into tolling agreement between the parties with an effective date of May 24, 2000. The undersigned representatives of the parties certify that s/he is fully authorized to enter into terms and conditions of the Agreement and to execute and bind the United States or Carrier, as the case may be, to this document. The purpose of this Agreement is to facilitate discussions between EPA and Carrier for response costs without recourse to litigation, if possible.

The Parties hereby agree as follows:

1. The United States contends that it presently has a potential cause of action against Carrier pursuant to Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA"), 42 U.S.C. § 9607. The United States also contends that it will have future costs. These potential causes of action relate to reimbursement of costs with respect to the Carrier Air Conditioning Superfund Site located in Collierville, Tennessee ("Site"), and not to any other Site or matter.
2. EPA and Carrier enter into this Agreement in order to pursue good faith negotiations to attempt to resolve the United States' causes of action referred to in Paragraph One without litigation. It is acknowledged to be in the interest of the United States and Carrier to attempt to resolve any disagreements without litigation, if possible.
3. The United States and Carrier agree that the period of time commencing on November 30, 1999, and ending November 30, 2000, inclusive, shall not be included in computing the time limited by any statute of limitations for filing the causes of action generally described in Paragraph One of this Agreement, if any statute of limitations is applicable for such causes of action. Carrier also agrees that the period of time commencing on November 30, 1999, and ending on November

30, 2000, inclusive, will not be asserted in whole or in part, as a basis for a defense of laches or similar defense concerning the timeliness of commencing a civil action for recovery of the response costs incurred or to be incurred by the United States in connection with the Site. Carrier further agrees not to assert, plead, or raise against the United States in any fashion, whether by answer, motion, or otherwise, any defense or avoidance based on the running of any statute of limitations during the period of time commencing on November 30, 1999, and ending November 30, 2000, inclusive, and that any statute of limitations shall be tolled during and for the period of time commencing November 30, 1999, and ending November 30, 2000. This period shall not be included for the purposes of computing interest on any obligation which is agreed to or found to be due.

4. This Agreement does not constitute an admission of any fact or liability on the part of Carrier, nor does it affect the assertion of any defense to liability except as specifically provided in Paragraph Three of this Agreement. Carrier specifically reserves all its rights and defenses against any claims to be asserted by the United States, except as expressly tolled by this agreement, including the argument that the statute of limitations has already expired.
5. This Agreement does not constitute any admission or acknowledgment on the part of the United States regarding any fact relating to the statute of limitations under CERCLA, or any other applicable statute or laws, nor does it constitute an agreement by the United States that any defense to liability as to costs under CERCLA is available to the undersigned. The United States reserves the right to assert that no statute of limitations applies.
6. Upon two weeks written notice, the United States may terminate negotiations and commence suit at any time thereafter without affecting the waiver in Paragraph Three.
7. This Agreement contains the entire agreement between the Parties, and no statement, promise or inducement made by any of the parties or agent of the parties that is not contained in this written contract shall be valid or binding, and this contract may not be enlarged, modified, or altered except in writing signed by the Parties and endorsed herein.

8. This Agreement shall be effective the 13 day of July, 2000.

FOR THE ENVIRONMENTAL PROTECTION AGENCY:

BY: 

Franklin E. Hill

7/13/00
Date

Chief,

CERCLA Program Services Branch

Waste Management Division

U.S. EPA Region 4

Carrier Air Conditioning Superfund Site Tolling Agreement
Signature Page

Carrier Corporation consents to the terms and conditions
of the Agreement on the 26th day of June, 2000.

BY: Russell V. Stangle
(Name of Signing Party)
Outside Counsel

FOR: Carrier Corporation

(Address) Patton Boggs LLP
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Washington DC 20037
(202) 457-5282
(202) 457-6315 (fax)